

**FISCAL NOTE**  
**HB 2933 - SB 3447**

March 7, 2006

**SUMMARY OF BILL:** Exempts the importation of boats, motors or trailers used to transport such boats from any use tax when imported into the state by individuals who have moved to and become official residents of Tennessee.

**ESTIMATED FISCAL IMPACT:**

**Decrease State Revenues – Exceeds \$266,000**

**Decrease Local Govt. Revenues – Exceeds \$85,000**

Assumptions:

- Current law requires any property not specifically exempted and imported into the state be subject to use tax at the same rate that would be applicable had the article been sold at retail within the state.
- Current law extends use tax exemptions for personal automobiles, manufactured homes, personnel effects, or household furnishings when people have permanently relocated to Tennessee from another state.
- The taxable value of boats imported into the state that were assessed by the Discovery Unit of the Department of Revenue last year is estimated at \$3.8 million.
- DOR collection rates on the importation of these specified items have remained stable over time.
- The state sales tax rate equals 7% plus a single article tax of 2.75% on any portion over \$1,600, but no more than \$3,200.
- Local option tax rate is 2.25%.
- The decrease to state revenues is estimated to exceed \$266,000 (\$3.8 million X 7% state rate = \$266,000).
- The decrease to local government revenues is estimated to exceed \$85,000 (\$3.8 million X 2.25% local option tax rate = \$85,500).

**CERTIFICATION:**

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director

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